

Message Text

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11

ACTION EUR-25

INFO OCT-01 ISO-00 IO-14 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

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FM AMEMBASSY SOFIA

TO SECSTATE WASHDC 8048

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E.O. 11652: N/A

TAGS: EGEN, EFIN, BU, US

SUBJECT: BULGARIA TAPS EURODOLLAR MARKET FOR \$45 MILLION

1. ACCORDING TO ANNOUNCEMENT RECENTLY IN THE INTERNATIONAL HERALD-TRIBUNE, THE BULGARIAN FOREIGN TRADE BANK HAS ARRANGED A \$45 MILLION EURODOLLAR LOAN THROUGH A CONSORTIUM OF EUROPEAN BANKS HEADED BY CREDIT COMMERCIAL DE FRANCE. A SEVEN YEAR LOAN, IT WILL, ACCORDING TO VICE MINISTER OF FOREIGN TRADE ANDREY LUKANOV, BE USED TO PURCHASE CAPITAL GOODS FROM NON-SOCIALIST COUNTRIES.

2. AN AMERICAN BANKER WAS TOLD BY VICE PRESIDENT OF FOREIGN TRADE BANK ASEN ZLATANOV THAT IN GENERAL BULGARIA SEEKS CAPITAL TIED TO SPECIFIC PROJECTS AND THAT THE CURRENT LOAN, AS AN EXCEPTION TO THAT RULE, CAME ABOUT AS RESULT OF GOOD MARKET CONDITIONS WHICH IN THE BAK'S VIEW JUSTIFIED OBTAINING CAPITAL TO BE USED IN GENERAL FOR UNSPECIFIED PURCHASES OF WESTERN EQUIPMENT.

3. COMMENT: THIS CURRENT LOAN COMES ON THE HEELS OF A \$50 MILLION CREDIT EXTENDED TO BULGARIA BY FRANKLIN NATIONAL BANK WHICH WE UNDERSTAND IS ALSO NET TIED TO LIMITED OFFICIAL USE

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SPECIFIC PROJECTS BUT WILL BE USED AS SOURCE OF CAPITAL

FOR PURCHASES IN THE WEST (NOT NECESSARILY IN THE US).
EMBASSY HAS NO SPECIFIC INFORMATION ON WHAT ZLATENAOV
ACCOMPLISHED DURING HIS RECENT VISIT TO THE U.S.
BUT WE HAVE BEEN TOLD HE HELD EXTENSIVE DISCUSSIONS WITH
LEADING AMERICAN BANKS INCLUDING CHASE, BANK OF AMERICA,
WELLS-FARGO AND MORGAN GUARANTY TRUST. POSSIBILITY CANNOT
BE RULED OUT THAT HE WAS FEELING OUT US BANKS ON LIKELI-
HOOD OF SIMILAR ARRANGEMENTS FOR SIZEABLE UNTIED CREDITS
DESPITE THE FOREIGN TRADE BANK'S DENIAL THAT THIS IS A
CURRENT GOAL OF BULGARIAN FINANCIAL POLICY.
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